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Report Highlights:

South Africa is set for a record pome fruit and table grape production in marketing year 2021/22. Favorable weather conditions, new areas under production, and higher yielding cultivars is driving the growth in production. However, rising shipping costs, an upsurge in input costs, local port inefficiencies and the impact of the Russia-Ukraine conflict on established trading patterns, are challenging South Africa's exports of pome fruit and table grapes. As a result, profitability of the industry is under pressure which could limit future investments.

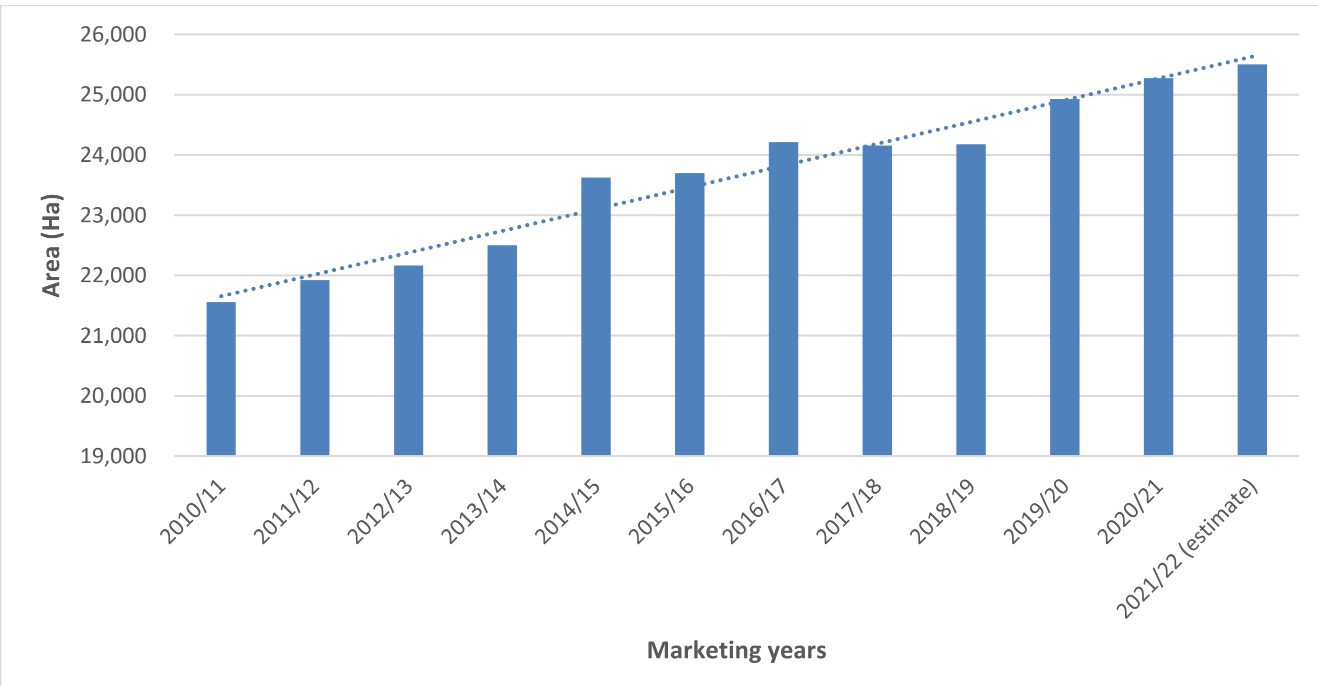
Apples, Fresh

Area

The area under apple production has increased steadily over the past decade with an average growth rate of more than one percent per annum. This positive trend has been driven by ongoing investments into the deciduous fruit sector on relatively high earnings and improved profitability from export markets. In addition, new and enhanced cultivars and better farming practices that includes investment in netting resulted in higher yields. This trend continued in marketing year (MY) 2021/22 with apple area growing to approximately 25,500 hectares (ha) from 25,272 ha in MY 2020/21. This represents about 37 million apple trees. However, despite excellent production seasons in MY 2020/21 and MY 2021/22, that recorded historical high production volumes, the area under apples is expected to flatten in the near future. Accelerating farming input costs and higher shipping rates are diminishing the profitability of apple producers which will limit future investments in the industry.

Figure 1

Area Planted to Apples in South Africa



Source: HORTGRO

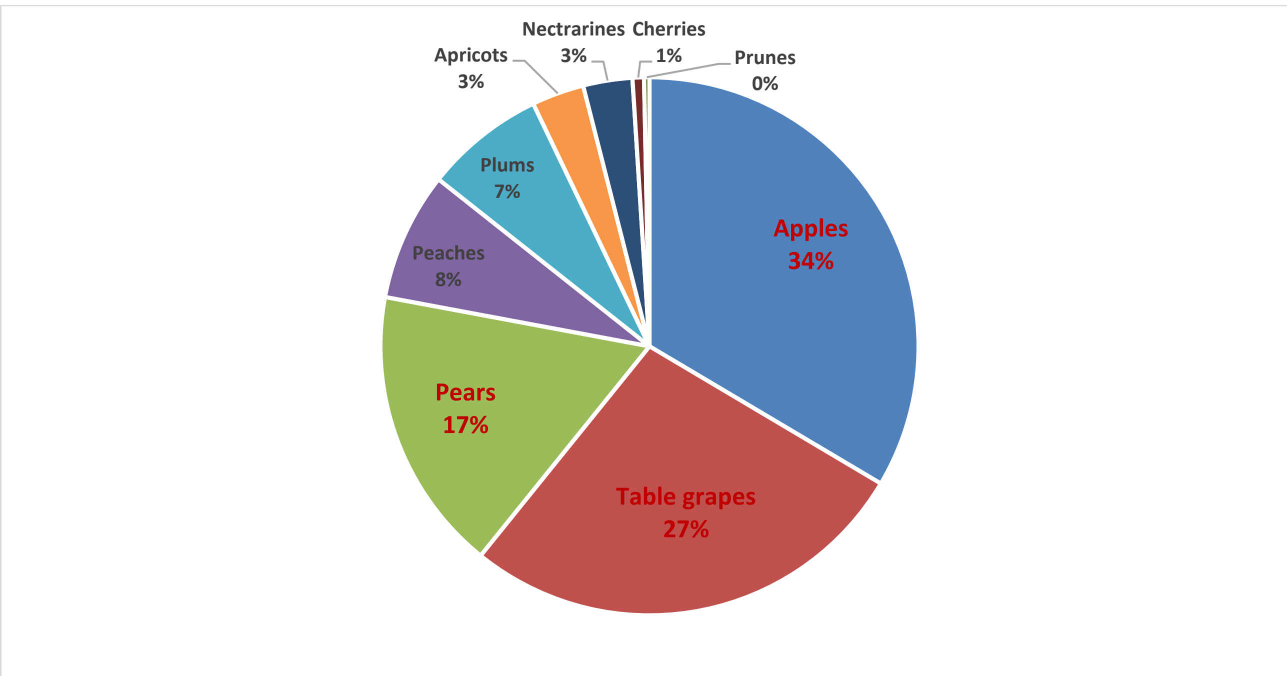
Commercial apple production in South Africa began in the 1880s and exports started a few years later to the United Kingdom. Today, apples are the major deciduous fruit planted in South Africa and represent more than a third of the total deciduous fruit area (see Figure 2). The Western Cape province is the largest apple producing area in South Africa and together with the Eastern Cape province accounts for more than 95 percent of the apple production. Small, but growing production areas were established further north mainly, in the Free State, Mpumalanga and Limpopo Provinces.

Five cultivars dominate apple production in South Africa and account for more than 70 percent of area planted, namely, Golden Delicious (21 percent), Royal Gala (17 percent), Granny Smith (13 percent), Pink Lady (13 percent) and Top Red (9 percent). Other cultivars that have been growing steadily include, Fuji, Cripps Red and Bigbucks. The cultivars of choice are mainly determined by consumer preferences and demand in South Africa's export markets.

Harvest for South African apples typically begins at the end of January and runs through to June, with peak harvest times falling between February and April. However, apples are available throughout the year in South Africa due to storage in temperature and air-controlled cold rooms.

Figure 2

Area Planted with Deciduous Fruit in South Africa



Source: Hortgro and South African Table Grape Industry (SATI)

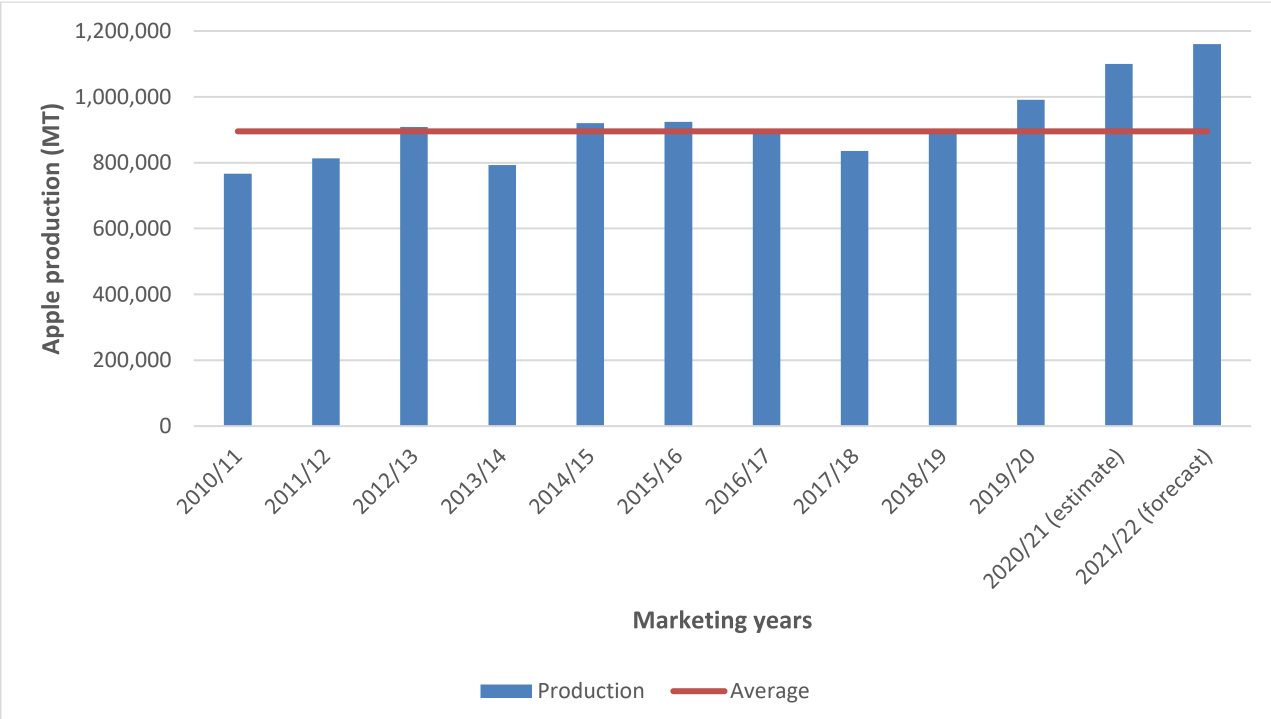
Production

South Africa is set for a record apple harvest in MY 2021/22. Favorable rains and adequate chill units during the winter of 2021 guaranteed that producers had enough water for irrigation and respectable fruit set. Conducive weather conditions continued throughout the season ensuring an excellent crop and fruit quality. In addition, more young orchards came into production, contributing to higher volumes. There are also extensive investments into netting by many growers as part of the water, temperature, hail, and pest management measures, impacting positively on yields. As a result, post forecasts South Africa's apple harvest in MY 2021/22 could reach a historical high of 1.2 million metric tons (MMT), pushing MY 2020/21's record production of an estimated 1.1 MMT to second place. South Africa produced

991,252 metric tons (MT) of apples in MY 2019/20, according to the industry representative organization, Hortgro. This means that the past 3-years represents South Africa's three largest apple crops on record (see Figure 3).

Figure 3

Apple Production in South Africa



Source: Hortgro and Post estimates

Consumption

Apples are popular in South Africa and are widely consumed throughout the year. Domestic consumption of apples is forecast to grow by five percent in MY 2021/22 to reach 535,000 MT. Post estimates South Africa's consumption of apples in MY 2020/21 at 510,000 MT a growth of six present from the 482,965 MT consumed in MY 2019/20. Consumption figures include fresh market sales, as well as apples destined for processing. The upsurge in local consumption is mainly driven by higher production and heightened consumers awareness to enhance nutritional health and overall wellbeing, established by the COVID-19 pandemic. Apples contribute significantly to healthy dietary patterns and the increased demand for convenient snack foods.

Exports

South Africa exports apples to more than 80 countries worldwide. Post forecasts that South Africa's apple exports will grow by six percent to 625,000 MT in MY 2021/22 on increased production. The expected growth rate could have been larger, but South Africa's exports of apples are under pressure due to raising shipping cost, local port challenges, and the impact of the Russia-Ukraine conflict on established trading patterns. In MY 2020/21, South Africa exported 31,711 MT of apples to Russia, representing more than five percent of total apple exports. Volumes to Ukraine were limited. Ongoing shipping delays at the local ports, due to inefficiencies and lack of investments, is impacting the quality of fruit to the export markets and ultimately lower returns to growers. The persistent problems at the ports, specifically the port of Cape Town, where most of the fruit is exported from, remain the single biggest risk and threat to the export orientated deciduous fruit industry of South Africa.

South Africa's apple exports increased by almost 16 percent in MY 2020/21 to 589,186 MT (see Table 1). This was mainly due to the higher local production, growing global demand for perceived health benefits, and industry's ability in managing shipping container shortages and shipping costs. The United Kingdom was the largest market for South African apple exports accounting for 15 percent of the total exports in MY 2020/21, followed by Nigeria (7 percent), Bangladesh (6 percent) and Malaysia (6 percent). Africa is the largest regional market accounting for 40 percent of the total South African apple exports in the 2021, followed by the European Union (EU) at 23 percent. South Africa has free trade agreements with both the EU and the United Kingdom, and benefits from duty free exports in these markets. Exports to Africa are largely driven by strong demand (especially for pink lady, gala, and golden delicious varieties), limited competition in these markets, and apples' ability to endure suboptimal handling conditions. In MY 2019/20, South Africa exported 508,451 MT of apples.

Table 1

South African Fresh Apple Exports

Export destinations	**MY 2019/20 (MT)**	**MY 2020/21 (MT)**
United Kingdom	79,719	89,598
Nigeria	38,833	43,790
Bangladesh	37,617	37,496
Malaysia	31,064	36,210
Russia	42,430	31,711
United Arab Emirates	19,934	27,486
Netherlands	18,375	24,086
Senegal	21,286	22,049
Kenya	16,805	18,999
Vietnam	7,638	16,878
Ghana	10,981	14,856
Botswana	14,005	14,070
Zimbabwe	10,017	12,969
Taiwan	10,642	12,880
Zambia	10,765	12,485
All others	138,340	173,623
Total	**508,451**	**589,186**

Source: Trade Data Monitor

Imports

South Africa's imports of apples have declined steadily since 2017, due to the rise in local production and improved storage technologies. In MY 2019/20 and MY 2020/21, imports of apples were limited at less than 200 MT per annum. Post believes that this trend will continue in MY 2021/22 with South Africa importing an estimate 150 MT of apples.

The customs duties payable on imports are indicated in Table 2. United States apple exports are subject to a four percent customs duty. The United States currently has market access for apples from areas free of Rhagoletis pomonella (apple maggot). The protocol stipulating the phytosanitary import requirements is available on the website of the Department of Agriculture, Land Reform and Rural Development (DALRRD) (Phytosanitary import requirements for importation of Apples from USA,PNW to South Africa).

Table 2

Tariff Rates, Fresh Apples

Heading / Subheading	Article Description	Rate of Duty					
		General	EU/UK	EFTA	SADC	Mercosur	AfCFTA
0808.10	Apples, fresh	4%	Free	4%	Free	4%	3.2%

Source: South African Revenue Services (SARS)

Table 3

Fresh Apples Production, Supply and Distribution

Apples, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	24970	24970	25272	25272	25400	25500
Area Harvested (HA)	19500	19500	19770	19770	20000	20000
Bearing Trees (1000 TREES)	26500	31210	27000	32470	28000	32900
Non-Bearing Trees (1000 TREES)	3400	3900	3700	4000	4000	4100
Total Trees (1000 TREES)	29900	35110	30700	36470	32000	37000
Commercial Production (MT)	942203	991252	991252	1100000	997000	1160000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	942203	991252	991252	1100000	997000	1160000
Imports (MT)	200	164	100	173	200	150
Total Supply (MT)	942403	991416	991352	1100173	997200	1160150
Domestic Consumption (MT)	433903	482965	431352	510987	432200	535150
Exports (MT)	508500	508451	560000	589186	565000	625000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	942403	991416	991352	1100173	997200	1160150
(HA) ,(1000 TREES) ,(MT)						

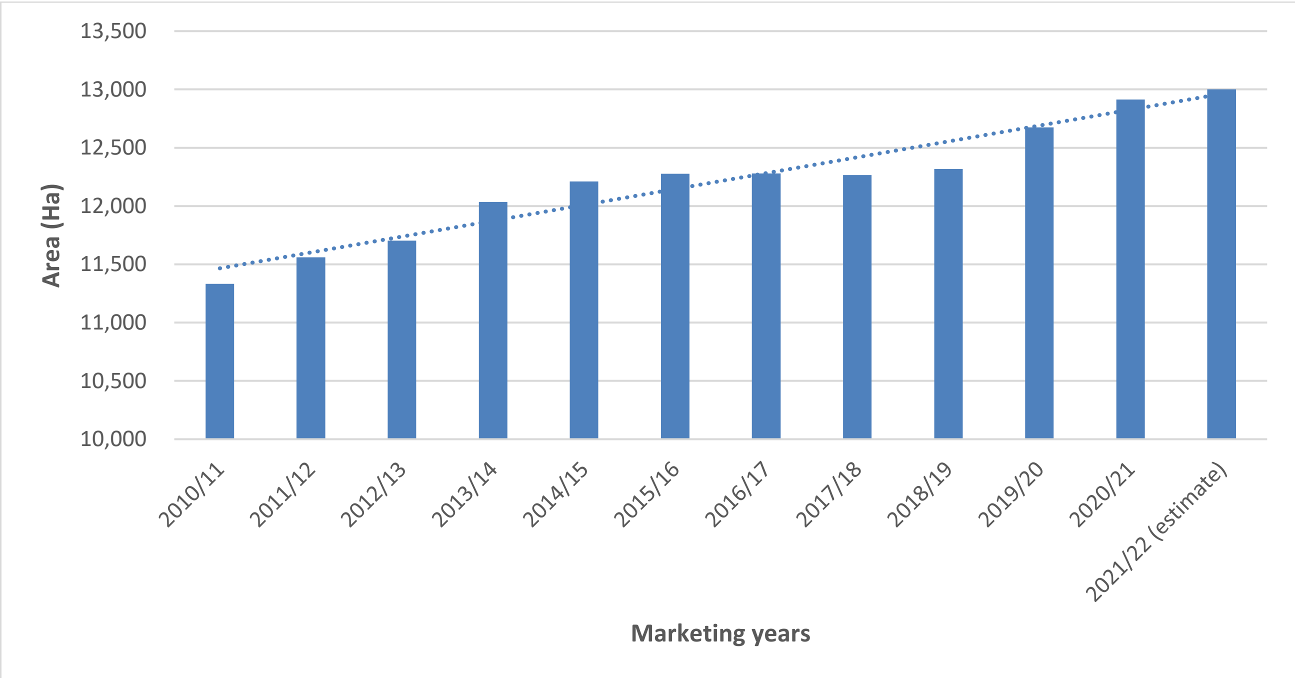
Pears, Fresh

Area Planted

Pears are the third largest deciduous fruit produced in South Africa, representing 17 percent of the total area under deciduous fruit production. The area under pear production has increased steadily over the past decade with an average growth rate of around one percent per annum to an estimated 13,000 ha or about 18 million trees in MY 2021/22 (see Figure 4). As with apple production, was the expansion in pear production driven by relatively high earnings from export markets and sound financial returns on investments. However, the area under pears is expected to flatten in the coming years. Accelerating farming input costs and higher shipping rates are diminishing the profitability of pear producers which could limit future investments in the industry.

Figure 4

Area Planted to Pears in South Africa



Source: Hortgro

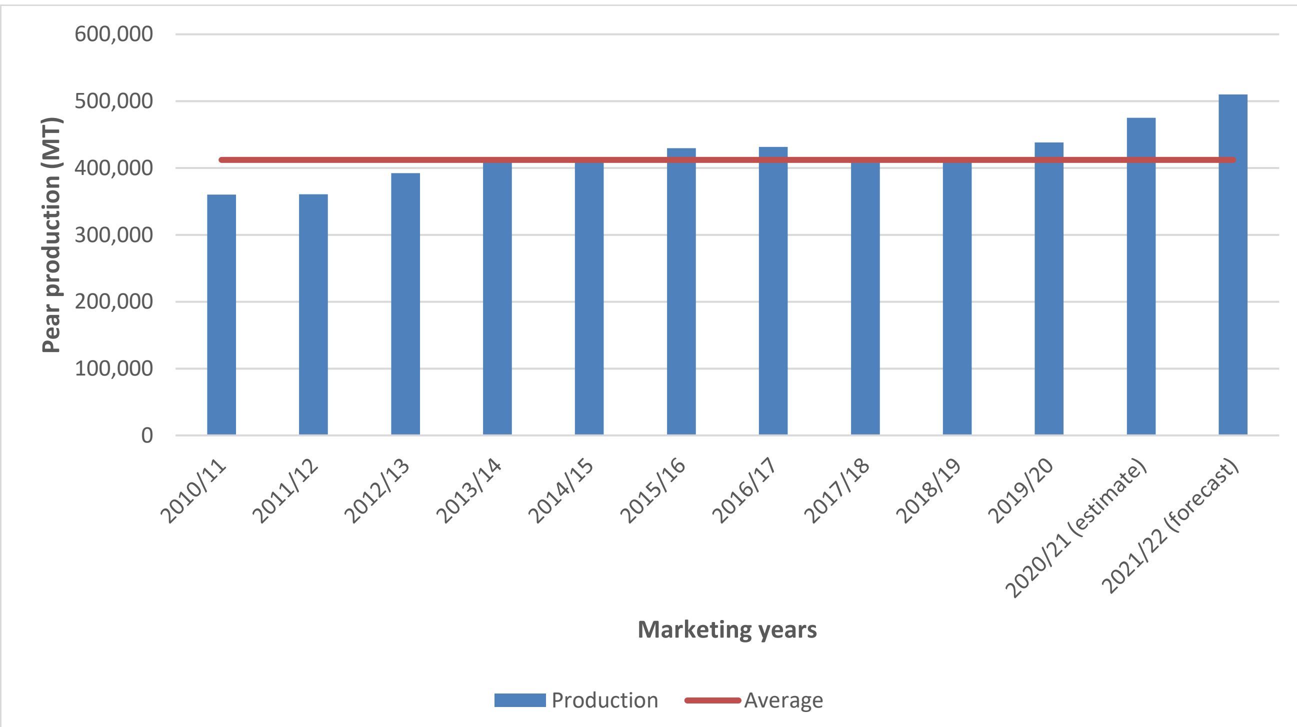
Pears grow well in areas that do not experience very high temperatures. Like apples, pears are predominately grown in the Western Cape province of South Africa, which receive most of its rainfall during the winter months (May to July). Packham's Triumph contributes 34 percent to the total area planted and is the most popular pear cultivar, followed by Forelle (27 percent) and William Bon Chretien (18 percent). These three cultivars represent almost 80 percent of pear plantings in South Africa. Other cultivars planted in South Africa include, Abate Fetel, Rosmarie, Cheeky, Celina, Flamingo, Beurre Bosc, and Doyenne du Comice.

Production

Post forecasts that pear production in South Africa could grow by seven percent to reach a record level of 510,000 MT in MY 2021/22. This forecast is based on favorable weather conditions received during the growing season, growth in the area planted, the increased availability of irrigation water following improved winter rainfall in 2021, and enhanced water management techniques by producers. In MY 2020/21, post estimates South Africa produced 475,000 MT of pears, a growth of eight percent from the 438,468 MT produced in MY 2019/20. As with apples, the past 3-years represents South Africa's three largest pear crops on record (see Figure 5).

Figure 5

Pear Production in South Africa



Source: Hortgro and Post estimates

Consumption

The industry is mainly export orientated with more than 50 percent of pear production destined for foreign markets. Locally less than 25 percent of total pear demand is consumed fresh, while the majority is destined for the processing industry. Domestic consumption of pears is forecast to grow by seven percent in MY 2021/22 to reach 245,100 MT. Post estimates South Africa's consumption of pears in MY 2020/21 at 228,066 MT, a growth of eight present from the 211,878 MT consumed in MY 2019/20. Consumption figures include fresh market sales, as well as pears destined for processing. The upsurge in local consumption is mainly driven by increased production.

Exports

Post forecasts that South Africa’s pear exports will grow by five percent to 260,000 MT in MY 2021/22 on increased production. However, South Africa’s exports of pears are under pressure due to raising shipping cost, local port challenges, and the impact of the Russia-Ukraine conflict. Over the past five years, Russia has grown as South Africa’s largest single market for pear exports. In MY 2020/21, South Africa exported 49,870 MT of pears to Russia, representing more than 20 percent of total pear exports (see Table 4). Export volumes of pears to Ukraine were limited. The Russia-Ukraine conflict is forcing the local industry to find alternative markets, especially the growing markets of Asia. Late last year, South Africa received final approval, with the signing of the food safety protocols, to export pears to China. The local industry is hopeful that the first shipment of pears will materialize in the current season.

South Africa’s pear exports improved by nine percent in MY 2020/21 to 247,116 MT (see Table 4). This was mainly due to the higher local production, growing global demand for perceived health benefits, and industry’s ability in managing shipping container shortages and shipping costs. As already mentioned, Russia was South Africa`s leading export market in MY 2020/21 accounting for 20 percent of total pear exports, followed by the Netherlands (14 percent), India (9 percent), and United Arab Emirates (8 percent). Exports to the United States were minimal at less than a 1,000 MT. In MY 2019/20, South Africa exported 226,686 MT of pears.

Table 4

South African Fresh Pear Exports

Export destinations	MY 2019/20 (MT)	MY 2020/21 (MT)
Russia	46,616	49,870
Netherlands	35,946	35,193
India	14,281	21,167
United Arab Emirates	24,648	20,247
United Kingdom	10,117	14,523
Indonesia	7,129	9,079
Malaysia	6,229	7,619
Canada	5,186	6,792
Saudi Arabia	6,693	6,553
France	4,084	5,743
Portugal	4,225	5,567
Italy	7,092	5,545
Germany	4,431	4,611
Ireland	835	4,116
Nigeria	3,226	3,992
All others	45,952	46,498
Total	**226,686**	**247,116**

Source: Trade Data Monitor

Imports

As the second largest pear producer in the Southern Hemisphere after Argentina, South Africa imports minimal quantities of pears (less than 200 MT) mainly from China and India. The United States does not have market access for pear exports to South Africa. In July 2010, the United States requested market access for pears. However, progress on this request stalled and the process has not been finalized. If South Africa grants access, United States exports of pears would be subject to a four percent customs duty as indicated in Table 5.

Table 5

Tariff Rates, Fresh Pears

Heading / Subheading	Article Description	Rate of Duty					
		General	EU/UK	EFTA	SADC	Mercosur	AfCFTA
0808.30	Pears, fresh	4%	Free	4%	Free	4%	3.2%

Source: SARS

Table 6

Fresh Pears Production, Supply and Distribution

Pears, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	12674	12674	12913	12913	13000	13000
Area Harvested (HA)	11900	11900	12000	12000	12400	12400
Bearing Trees (1000 TREES)	15700	15955	16000	16550	16400	17000
Non-Bearing Trees (1000 TREES)	1100	1400	1300	1440	1400	1300
Total Trees (1000 TREES)	16800	17355	17300	17990	17800	18300
Commercial Production (MT)	407455	438468	422554	475000	425000	510000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	407455	438468	422554	475000	425000	510000
Imports (MT)	100	96	200	182	100	100
Total Supply (MT)	407555	438564	422754	475182	425100	510100
Domestic Consumption (MT)	180855	211878	181054	228066	180100	245100
Exports (MT)	226700	226686	241700	247116	245000	265000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	407555	438564	422754	475182	425100	510100
(HA) ,(1000 TREES) ,(MT)						

Prices

The apple and pear prices indicated in Table 7 are the average prices (Rand/MT) earned in the respective markets. The increase in apple and pear export prices from MY 2010/11 to MY 2015/16 was mainly due to the depreciation of the rand. In MY 2016/17, the rand strengthened against the United States dollar which lowered average export prices. The export market for pears and apples remains lucrative in comparison to the local and processed markets. Information on table grape prices is unavailable.

Table 7

Local and Export Price of Apples and Pears

	APPLES			PEARS		
Marketing years	**Local Market (R/MT)**	**Export Market (R/MT)**	**Processed Market (R/MT)**	**Local Market (R/MT)**	**Export Market (R/MT)**	**Processed Market (R/MT)**
2010/11	4,326	6,210	737	3,856	6,612	896
2011/12	4,470	6,531	1,146	4,191	6,803	1,115
2012/13	4,845	8,658	1,137	4,650	8,835	1,316
2013/14	4,944	10,136	1,141	4,815	9,900	1,376
2014/15	5,024	10,689	1,142	5,164	9,977	1,561
2015/16	5,556	10,815	1,431	5,605	11,157	1,861
2016/17	5,554	9,651	1,336	5,677	10,029	1,593
2017/18	5,868	11,419	1,522	5,673	11,373	1,553
2018/19	6,455	11,504	2,017	6,335	11,600	1,938
2019/20	6,288	13,159	1,975	6,198	13,745	1,884

Source: Hortgro

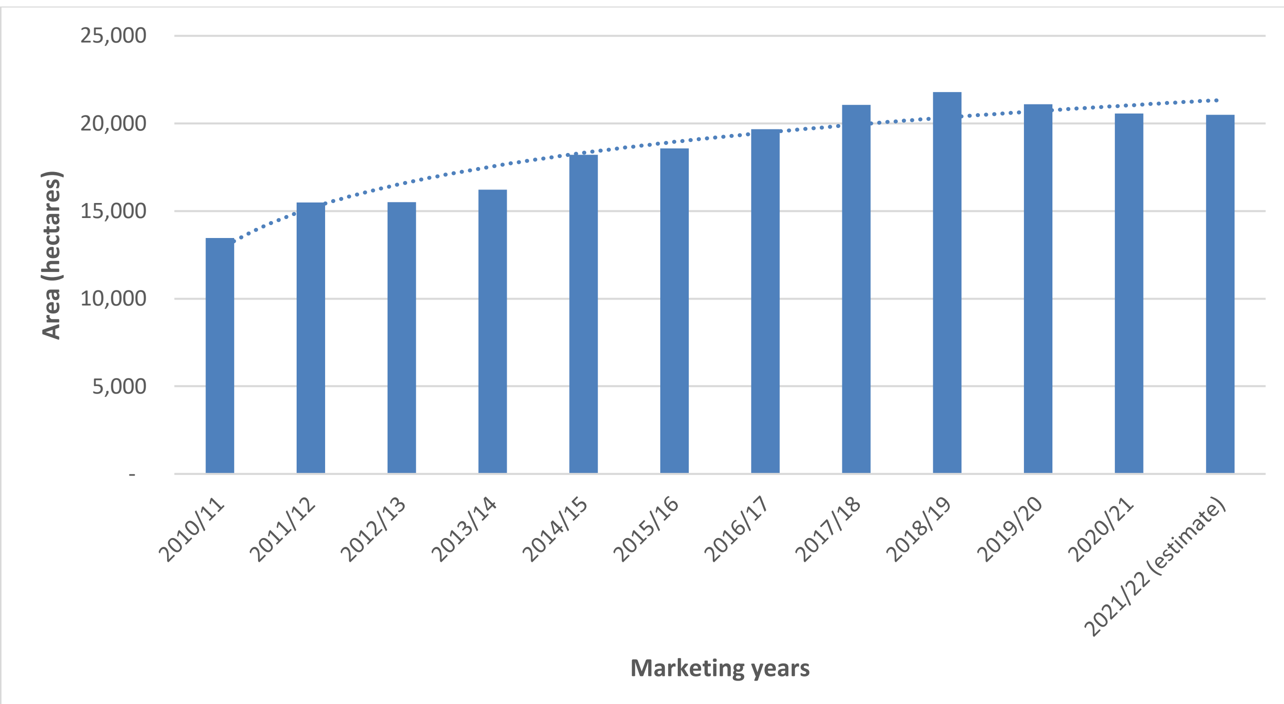
Table Grapes, Fresh

Area Planted

The area planted with table grapes in South Africa is estimated to flatten at 20,500 ha in MY 2021/22. In MY 2020/21 the area planted with table grapes was 20,564 ha. After a sharp increase in area under table grapes from 2010 (see Figure 6), mainly driven by growing export earnings, the table grape area in South Africa consolidated at around 20,000 ha. The availability of irrigation water is a major constraint to the area planted to table grapes in South Africa. In addition to water constrains, is the current upsurge in farming input costs and infrastructure inefficiencies, including electricity supply disruptions, ineffective ports operations and deteriorating road networks diminishing the profitability of table grape producers in South Africa which limit new investments in the industry.

Figure 6

Area Planted to Table Grapes in South Africa



Source: SATI

The Hex River Valley in the Western Cape province is the major growing area for table grapes, accounting for more than 30 percent of the total area planted in South Africa. The Hex River Valley is followed by plantings along the Orange River in the Northern Cape province (27 percent), the Berg River Valley in the Western Cape (23 percent) and plantings in the Limpopo provinces (13 percent).

The five leading table grape cultivars planted in South Africa are Crimson Seedless (18 percent of total area), Prime (8 percent), Sweet Celebration (5 percent) Sweetglobe (5 percent), Sugrathirtyfive (5 percent). Other cultivars planted in South Africa include, Sugranineteen (Scarlotta Seedless), Tawny

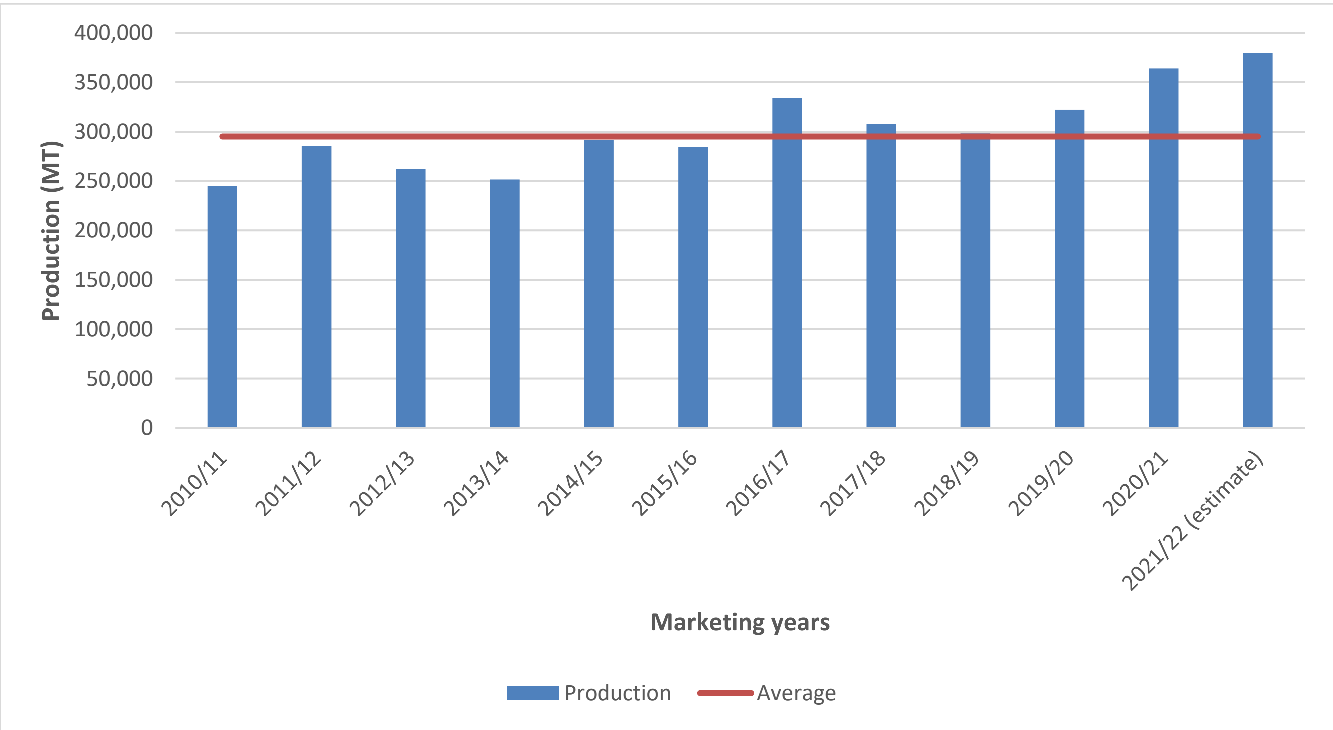
Seedless, Thomson Seedless, Sugrathirteen (Midnight Beauty) and Starlight. The cultivar profile of table grapes in South Africa has changed significantly over the past decade. Consumers prefer seedless grapes and as a result seeded cultivars are declining while the production of seedless table grapes varieties are growing. Less than eight percent of current vineyards are still seeded table grapes.

Production

The production of table grapes is forecast to grow by four percent to a record 380,000 MT in MY 2021/22 (see Figure 7). In MY 2020/21, South Africa produced 364,063 MT of table grapes. The growth in production is mainly driven by new plantings of high yielding cultivars coming into full production and favorable weather conditions throughout the season. Additionally, the impact of the COVID-19 pandemic on table grapes production has been minimal.

Figure 7

Table Grape Production in South Africa



Source: USDA, SATI, and Post estimates

Consumption

Domestic consumption of table grapes is forecast to grow to 68,000 MT in the MY 2021/22 on higher production and export constraints. The supply of table grapes to the domestic market and consequently consumption in South Africa is dependent on the supply to export markets. Table grapes that cannot be sold on the export market, including those that do not meet export quality standards, are sold to the domestic fresh produce market, or supplied to juice processors.

Exports

South Africa's exports of table grapes in MY 2021/22 are expected to stay flat at about 320,000 MT. Raising shipping costs, strengthening of the local currency, recent Covid-19 related restriction in China and inefficiencies at the Cape Town port, deterred a major upsurge in export on record production. Approximately 95 percent of table grapes are exported through the Cape Town port. South Africa exported 321,770 MT of table grapes in MY 2020/2, according to the South African Table Grape Industry representative organization (SATI), up 13 percent from the 284,280 MT exported in MY 2019/20 on improved local production (see Table 8).

Europe is the leading export market for South African table grapes, accounting for about 75 percent of total table grape exports. The Netherlands is the largest single country export market for South Africa's table grapes, accounting for more than 40 percent of the total exports. The Netherland is followed by the United Kingdom (22 percent) and Canada (6 percent). South Africa benefits from a shorter shipping distance than other Southern Hemisphere competitors to Europe, strong demand for seedless varieties, and a free trade agreement with the EU and United Kingdom. Exports to Asia, the Middle East and Africa also have strong growth potential and are a core focus for the South African table grape industry. Export volumes to the United States have grown significantly over the past five years, but are still at below 5,000 MT, accounting for less than two percent of the total exports in MY 2020/21. The main varieties exported to the United States includes Autumn Crisp, Red Seedless and Adora Seedless.

South Africa's table grape exports to Russia were less than 5,000 MT in MY 2020/21, representing about one percent of total exports. Hence, the current Russia-Ukraine conflict should not have a major impact on the industry's current trading patterns.

Table 8

South Africa's Table Grape Exports

Export destinations	**MY 2019/20 (MT)**	**MY 2020/21 (MT)**
European Union	141,302	173,538
United Kingdom	71,072	70,992
Canada	18,998	17,885
Southeast Asia	12,948	15,517
Middle East	13,062	14,463
Far East	13,284	12,332
United States	2,196	4,866
Russia	5,372	4,835
Africa	3,946	4,748
All others	2,100	2,594
Total	**284,280**	**321,770**

Source: SATI

Imports

South Africa is a net exporter of table grapes, and imports are mainly to fill the gap during the off-season or when volumes are low from around July to November. Spain, Namibia, and Egypt are the primary suppliers. Post estimates table grape imports will decline to 8,000 MT in MY 2021/22 due to higher local production. In MY 2020/21 South Africa imported 9,053 MT of table grapes. The United States does not have market access for table grapes into South Africa. However, if access were granted to the United States, exports would be subject to a four percent customs duty as shown in Table 9.

Table 9

Tariff Rates, Grapes Fresh

Heading / Subheading	Article Description	Rate of Duty					
		General	EU/UK	EFTA	SADC	Mercosur	AfCFTA
0806.10	Grapes, fresh	4%	Free	4%	Free	4%	3.2%

Source: SARS

Table 10

Table Grapes Production, Supply and Distribution

Grapes, Fresh Table	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	21100	21100	20564	20564	20900	20500
Area Harvested (HA)	17100	17100	18000	18000	18500	18500
Commercial Production (MT)	322180	322180	364063	364063	370000	380000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	322180	322180	364063	364063	370000	380000
Imports (MT)	10600	10340	9100	9053	10000	8000
Total Supply (MT)	332780	332520	373163	373116	380000	388000
Fresh Dom. Consumption (MT)	34980	48240	35163	51346	36000	68000
Exports (MT)	297800	284280	338000	321770	344000	320000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	332780	332520	373163	373116	380000	388000
(HA) ,(MT)						

Policies and Regulations

Table 11 provides a list of the regulations applicable to apples, pears, and table grapes in South Africa. Exporters should also be aware that an importer may request additional certifications over and above the minimum legislation and regulations indicated in this section.

Table 11

List of Key Legislations and Regulations

Policy or Regulation	Website Links
Agriculture Product Standards Act No 119 of 1990	Agriculture Product Standard Act
Agricultural Pests, Act, 36 of 1983	Agricultural Pests Act
Foodstuffs, cosmetics, and disinfectants Act 54 of 1972	Foodstuffs, cosmetics and disinfectants act
Procedures for exporting to South Africa	Plant Health (Import into SA)
Maximum Residue Limits	Maximum Residue Limits
Regulations relating to standards, grading, packing, and marking	Apples Local Import Regulations - Apples Pears Local Import Regulations - Pears Table Grapes Local Import Regulations - Table grapes
Import Protocols	Phytosanitary import requirements for importation of Apples from China to South Africa Phytosanitary import requirements for importation of Apples from Netherlands to South Africa Phytosanitary import requirements for importation of Pears from China to South Africa Phytosanitary import requirements for importation of Apples from USA, PNW to South Africa

Source: DALRRD

Attachments:

No Attachments